



## NEWS RELEASE

### Media Contact:

Greg Risling  
Public Information Officer  
213-257-2000  
[GRisling@da.lacounty.gov](mailto:GRisling@da.lacounty.gov)  
Twitter: @LADAOOffice

Dec. 1, 2016

## **Trio Pleads in \$3.8 Million Workers' Compensation Fraud Case**

Two clothing manufacturing executives and their accountant pleaded no contest today for their roles in a \$3.8 million workers' compensation fraud scheme, the Los Angeles County District Attorney's Office announced.

Sung Hyun Kim, 58, and Jae Young Kim, 73, each pleaded no contest to two counts of workers' compensation fraud. Caroline Sung Choi, 61, entered her plea to two counts of failure to pay state payroll taxes.

Deputy District Attorney Theresa Mitchell of the Healthcare Fraud Division prosecuted the case.

Choi and her sister, Sung Hyun Kim, were corporate officers for Meriko, Inc., and its successor, SF Apparel, both garment manufacturing companies that make high-end brand jeans.

Beginning as early as 2006, Sung Hyun Kim and Jae Young Kim, an accountant, underreported millions of dollars in payroll to insurance carriers. Losses were estimated to be roughly \$3.8 million.

By not reporting accurate figures, which can also be accomplished by paying employees in cash, companies avoid paying mandatory employer contributions for unemployment and disability.

Companies pay significantly reduced workers' compensation premiums when they underreport the number of employees and the amounts actually paid, prosecutors added.

Sentencing for all three defendants is set for Jan. 24.

Case BA435018 was investigated by the California Department of Insurance.

## **About the Los Angeles County District Attorney's Office**

Los Angeles County District Attorney Jackie Lacey leads the largest local prosecutorial office in the nation. Her staff of nearly 1,000 attorneys, 300 investigators and 800 support staff members is dedicated to protecting our community through the fair and ethical pursuit of justice and the safeguarding of crime victims' rights.